



FEDERAL RESERVE SYSTEM

Agency information collection activities: Announcement of Board approval under delegated authority and submission to OMB

AGENCY: Board of Governors of the Federal Reserve System.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) is adopting a proposal to extend, without revision, the recordkeeping and disclosure requirements associated with Regulation R.

On June 15, 1984, the Office of Management and Budget (OMB) delegated to the Board authority under the Paperwork Reduction Act (PRA) to approve of and assign OMB control numbers to collection of information requests and requirements conducted or sponsored by the Board. Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. Copies of the Paperwork Reduction Act Submission, supporting statements and approved collection of information instrument(s) are placed into OMB's public docket files. The Board may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid OMB control number.

FOR FURTHER INFORMATION CONTACT:

Federal Reserve Board Clearance Officer – Nuha Elmaghrabi – Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, Washington, DC, 20551 (202) 452-3829. Telecommunications Device for the Deaf (TDD) users may contact (202) 263-4869, Board of Governors of the Federal Reserve System, Washington, DC 20551.

OMB Desk Officer – Shagufta Ahmed – Office of Information and Regulatory Affairs,
Office of Management and Budget, New Executive Office Building, Room 10235, 725
17th Street, NW, Washington, DC 20503 or by fax to (202) 395-6974.

SUPPLEMENTARY INFORMATION:

**Final approval under OMB delegated authority of the extension for three years,
without revision, of the following report:**

Report title: Recordkeeping and Disclosure Requirements Associated with Regulation R.

Agency form number: FR 4025.

OMB Control number: 7100-0316.

Frequency: On occasion.

Respondents: Commercial banks and savings associations.

Estimated number of respondents: Section 701 disclosures to customers: 1,500; Section 701 disclosures to brokers: 1,500, Section 723 recordkeeping: 75; Section 741 disclosures to customers: 750.

Estimated average hours per response: Section 701 disclosures to customers: 5 minutes; Section 701 disclosures to brokers: 15 minutes, Section 723 recordkeeping: 15 minutes; Section 741 disclosures to customers: 5 minutes.

Estimated annual burden hours: 75,563.

General Description of Report: Sections 701, 723, and 741 contain information collection requirements. Details of the requirements for each section are provided below. Section 701. Section 701(a)(2)(i) and (b) require banks (or their broker-dealer partners) that utilize the exemption provided in this section to make certain disclosures to high net worth or institutional customers. Specifically, these banks must clearly and

conspicuously disclose (i) the name of the broker-dealer and (ii) that the bank employee participates in an incentive compensation program under which the bank employee may receive a fee of more than a nominal amount for referring the customer to the broker-dealer and payment of this fee may be contingent on whether the referral results in a transaction with the broker-dealer.

In addition, one of the conditions of the exemption is that the broker-dealer and the bank have a contractual or other written arrangement containing certain elements, including notification and information requirements. The bank must provide its broker-dealer partner with the name of the bank employee receiving a referral fee under the exemption and certain other identifying information relating to the bank employee.

Section 723. Section 723(e)(1) requires a bank that desires to exclude a trust or fiduciary account in determining its compliance with the chiefly compensated test in section 721, pursuant to a de minimis exclusion 5, to maintain records demonstrating that the securities transactions conducted by or on behalf of the account were undertaken by the bank in the exercise of its trust or fiduciary responsibilities with respect to the account.

Section 741. Section 741(a)(2)(ii)(A) requires a bank relying on this exemption, which permits banks to effect transactions in the shares of a money market fund, to provide customers with a prospectus for the money market fund securities, not later than the time the customer authorizes the bank to effect the transaction in such securities, if the class or series of securities are not no-load. In situations where a bank effects transactions under the exemption as part of a program for the investment or reinvestment of deposit funds of, or collected by, another bank, the Section permits either the effecting bank or the

deposit-taking bank to provide the customer a prospectus for the money market fund securities.

Legal authorization and confidentiality: The Board's Legal Division has determined that section 3(a)(4)(F) of the Exchange Act (15 U.S.C. 78c(a)(4)(F)) authorizes the Board and the SEC to require the information collection. The FR 4025 is required to obtain a benefit because banks wishing to utilize exemptions provided by the rules 701, 723, and 741 are required to comply with the recordkeeping and disclosure requirements. If an institution considers the information to be trade secrets and/or privileged, such information could be withheld from the public under section (b)(4) of the Freedom of Information Act (5 U.S.C. 552(b)(4)). Additionally, to the extent that such information may be contained in an examination report, such information maybe also be withheld from the public under section (b)(8) of the Freedom of Information Act (5 U.S.C. 552 (b)(8)).

Current Actions: On April 3, 2017, the Board published a notice in the Federal Register (82 FR 16210) requesting public comment for 60 days on the extension, without revision, of the Recordkeeping and Disclosure Requirements Associated with Regulation R. The comment period for this notice expired on June 2, 2017. The Board did not receive any comments.

Board of Governors of the Federal Reserve System, July 17, 2017.

Ann E. Misback

Secretary of the Board.

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